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STATE FUND MONTANA

MONTANA GUARDIAN

"Serving Montana Employers and Employees"

STATE DOCUMENTS COLLECTION

FEBRUARY 1992

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Volume 02 Number 04

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AUTOMATED FILE TRACKING

Many of you have already heard about the new File Wanding System. This is a computer based system which allows the location of a particular claim file to be identified at all times. By accessing the appropriate computer screen, you can tell the location of the file instantly. The system is designed to reduce the time and effort currently being expended in finding files when they are needed.

Bar-code labels are being attached to all claim files. Each person who may have need of a file for whatever reason, has been assigned a location code. The bar-code label is similar to the price code label on many products in stores today, except ours have the claim number on them.

Any time a file is moved from one location to another, information on the computer must be updated. File location information can be updated on the computer either by keying in the appropriate information using most terminals or by using a WAND. We have two types of WANDS: one is always wired directly to a computer terminal and the other is portable. The ones connected to the terminal will be used by File Room personnel to transfer large quantities of files into and out of the file room. The portable WANDS will also be used by the file room staff to WAND files located in offices. This procedure will be carried out after hours so the database is updated at all times.

The system is designed not only to keep track of where files are, but also should save a considerable amount of time in our overall operation. Training on how to operate the system and on several procedural changes which must be made began on January 21. The system was in place and running on February 3, 1992. Those of us who have worked on the development and implementation of this system are looking forward to positive results.

FOOD SHARED

State Fund employees donated nearly eight bags of groceries to the Helena Food Share program through the Department of Administration Coordinating Committee for Employees (ACCE) Christmas food boxes which were located throughout the building for several weeks. The groceries were delivered to Food Share a few days before Christmas and were greatly appreciated. Thanks to everyone for helping make this State Fund first time effort a success. A special thanks to Pam Brown who delivered our donation to Helena Food Share. Let us try to make this an annual effort.

SOCIAL SECURITY AND YOU

Have you ever been curious as to how much money you have credited to your Social Security? You can now find out, free of charge. Special request cards are available from Debbie in the Personnel Office. Fill out the card and mail it to the Social Security Administration. It is a good idea to check these records once in a while to make sure all of your employment history has been properly forwarded by employers and to find out what your balance is in your Social Security account.

HELP RECYCLE POP CANS

State Fund employees are encouraged to recycle pop cans. Boxes are located throughout the building to collect the cans. Proceeds from recycling pop cans help defer costs for the employee summer picnic and Christmas party. If your area does not have a recycling box for pop cans, please set one up.

Message from the President . . . .

Patrick J. Sweeney

As you will recall, in the August Guardian, it was reported that the Joint Select Committee on Workers' Compensation had met for the first time. Subsequently, the committee has met one additional time and they continue in their efforts to study the workers' compensation system.

Also of interest, the Governor appointed a task force comprised of twelve individuals to make recommendations to him for presentation to the 1993 Legislature. The task force has met on one occasion to date and has had discussions varying from monopolistic system to the possible sale of the State Fund.

Although the task force is looking at various solutions to the workers' compensation problem in Montana, it is assumed their direction will focus on statutory changes.

As the two different committees continue to meet throughout the year, we will keep you informed of their progress and suggestions.

LUNCH BUSTERS

An alternative has been set out to defeat any couch potatoes with "lunch busters."

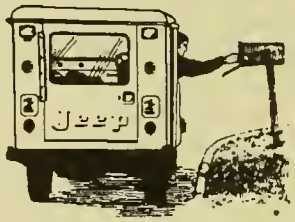
Anyone seeking a healthy body is invited to join the noon group Mondays, Wednesdays and Fridays in Room 302 (when available) for low-impact beginning yoga exercises. No special equipment is needed, except for loose, comfortable clothing such as sweats or leotards. You may want to have a towel for floor exercising.

Some advantages may come your way by participating without your even having to try hard.

- Weight control
- Cut down on smoking
- Relieve tensions and body aches
- Help you to become more balanced and focused in life
- Increases your daily energy level
- Stimulate every part of your body, enabling the body to do a better job of healing itself of minor health problems
- And, some swear that yoga is the secret to the fountain of youth!

Anyone interested in joining the "lunch busters" can contact Char Stipe for more information.

LETTERS TO THE EDITOR



Pat Sweeney

Just a note to let you know, we appreciate you. Happy belated 39nd birthday on February 20th.

Your Merry Maid,
Myrna

NEXT NEWSLETTER DEADLINE

Our next employee newsletter will be available on April 15th. Due to holidays and vacations, the deadline for articles is March 30th. Articles are to be given to Harold Gilbertson.

STATE FUND MONTANA

MONTANA GUARDIAN

The State Fund **"Montana Guardian"** is an official employee newsletter published by the State Compensation Mutual Insurance Fund for the purpose to educate and keep State Fund employees informed on the workers' compensation industry, especially the State Fund.

Editor	Jim Murphy, Executive Vice-President
Managing Editor	Harold Gilbertson, Information Services Division Director
Contributors	Debbie Svaldi, Personnel Manager Ed Glenn, Assistant Director Char Stipe, Secretary III Carol Morris, Claims Examiner II Linda Robbins, Claims Examiner I John Huth, Accounting Director
Technical Editor & Layout	Pietr Zwolle, Management Analyst I

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Letters to the Editor of the Montana Guardian will be accepted from current State Fund employees. Letters to the Editor are to be submitted to Harold Gilbertson by the article deadline date and must include the employee's name, section and department name, and office phone number. Letters without the author's name, section and department name and office phone number will not be published. Letters deemed inappropriate to the goals and objectives of the Montana Guardian or State Fund will be returned to the author with an explanation why it was rejected. Due to space constraints, some letters may appear in a later issue. Letters to the Editor do **NOT** reflect the policy or official positions of either the Board of Directors or the management of State Fund.

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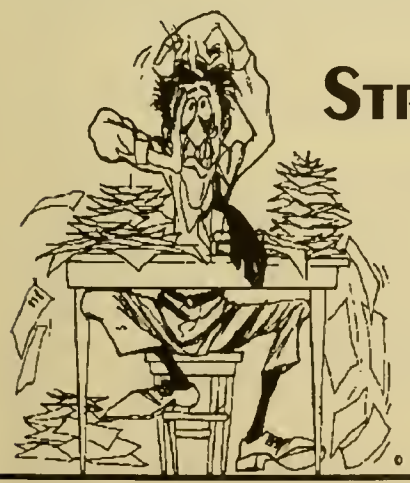
DATABASE DITTIES

Not so long ago, there were a series of meetings in the Training Room where all the claims examiners were given instruction in the methods used to set reserves. Some of you may wonder just how the reserves which are set on a claim get translated into premium which the State Fund can collect.

Every employer which has coverage with the State Fund has a set of employer experience records. Each record contains information about premium billed and comp and medical reserves, by fiscal year. When the reserves on a claim are changed, the computer programs go to the experience records of the injured party's employer and update the employer's experience (reserve).

The State Fund can then analyze each employer and determine if their experience is average, better than average, or worse than average. Some employers are then assigned what is known as an experience modification factor. This factor is multiplied by the premium which the employer would have paid. For example, if an employer pays his employees $1,000 and the rate for the class code is $5 per hundred then our first calculation would equal $50 of premium. However, if the employer had an experience modification factor of 1.5, we would multiply $50 times 1.5 and the employer would be required to pay $75.

Of course there are other factors which go into calculating an employer's premium, but this example illustrates how the experience of an employer can affect premium. You can find employer experience on Policy Services Inquiry and claim reserves on the Claim Inquiry Menu. Experience affects premium -- another Database Ditty.



STRESSED!

WHO?

ME?

PERSONNEL ACTIONS

FROM NOVEMBER 15 ,1991
TO JANUARY 17, 1992

NEW HIRES

Underwriting Department

Jerry Klein	Loss Prevention Director

PROMOTIONS

Suzie Shute	Program Assist. II
Ed Glenn	Asst. Director (Prog. & Sys.)
Nance Hughes	Clerk Supervisor II

TRANSFER

Leona Carribou	Data Entry Oper. III

LEFT

Jane Lehmer	Carline Ashley

SURVEY RESULTS POSITIVE

A couple of months ago, employees were sent survey questionnaires concerning your the employee newsletter: The Guardian. We now have the results of the survey.

Sixty-two (62) of the survey forms were completed and returned. This is a return rate of 30 percent. You were asked to grade your answers on a scale from 1 to 5 on the first five questions. A ranking of 1 indicated a strong positive reaction, while 5 indicated a strongly negative feeling.

Response to the first five questions ranged from 2.2 to 2.7. Overall, this indicates a positive attitude toward the Guardian and its contents.

Question 1 - Articles interesting?	2.5
Question 2 - Generally well written and understandable?	2.2
Question 3 - Catch/hold reader's attention?	2.7
Question 4 - Worthwhile/appreciated?	2.5
Question 5 - Information new/useful?	2.4

Question six asked whether or not the Guardian should be continued. With the exception of two or three people, the answer to this question was yes: the newsletter should continue.

There were also a number of questions which asked what was liked most and least about the Guardian and what changes you would like to see in future issues. Your comments were very constructive. The Guardian staff will do its best to incorporate as many of the suggestions as possible. Thank you for your responses and suggestions.

EMPLOYEE PROFILES

JIM MURPHY AND BIG BROTHERS & BIG SISTERS

Jim Murphy, Executive Vice President of State Fund, has been involved with the Big Brothers & Big Sisters Organization for over eight years. This entails many hours of volunteer service to an organization dedicated to providing companionship and stability to young people.

Big Brothers and Big Sisters is a private, non-profit social agency based on the "matching of friends." A commitment of four hours per week for a minimum of one year is made to Big Brothers and Big Sisters. Though the friendship is informal, it is reinforced by a professionally trained staff. Tremendous care goes into recruitment, screening and the matching process to make it work. Emphasis is placed on producing positive changes in the young person, including a strengthened sense of self-worth, improved relationships and performance at school and in the community.

Big Brothers and Big Sisters is more of a business than a bureaucracy. Their "product" is a successful child and adult match. Their "profit" is returned to the community in the form of a responsible, productive child. Their goal is to keep our kids off alcohol and drugs, in school and out of trouble.

During the last eight years, Jim has devoted hundred of hours to the efforts of this organization. Jim has served as Chairman elect, Chairman and Treasurer. He has also chaired or worked on a variety of committees dealing with fund raising. These assignments have included putting together and overseeing such activities as bowling tournaments, golf tournaments and various other activities to raise money for this very worthy cause. Jim has also worked closely with Select 100 and served as personnel and fiscal analyst for the organization. Jim . . . a very special thank you for your many hours of involvement in this community activity.

VOLUNTEERS TO HOSTS

Carol Morris, Susan Amicucci and Vivian Johnson volunteer to help kids learn to read. These dedicated people unselfishly spend several of their noon hours tutoring kids at Broadwater School. These efforts are put forth in conjunction with an organization known as HOSTS.

HOSTS stands for **HELP ONE STUDENT TO SUCCEED.** The organization recruits and trains tutors to enhance the abilities of school kids to read. We are all aware of the handicap of not being able to read. Think for a moment about how difficult life would be if we did not have reading as one of our basic skills. Where would any of us be?

This is a very worthwhile organization. If you would like to become involved, call Bonnie Noble, Volunteer Coordinator, at 442-5620. Special thanks and note of appreciation goes out to these people and to all others who volunteer their time for the betterment of our community.

EVERY EFFORT ADDS UP

Collection of the Employer Payroll Tax established by the 1987 Legislature is no longer a headache of the State Fund. The Accounting Unit of the Administration and Finance Department completed its last payroll tax transaction in mid-January, 1992. The collection of the tax is now a responsibility of the Department of Revenue.

The Accounting Unit deserves a big **THANK YOU FOR A JOB WELL DONE!** With the teamwork, cooperation, and an extra effort by the entire staff, the program was implemented and handled in a professional manner.

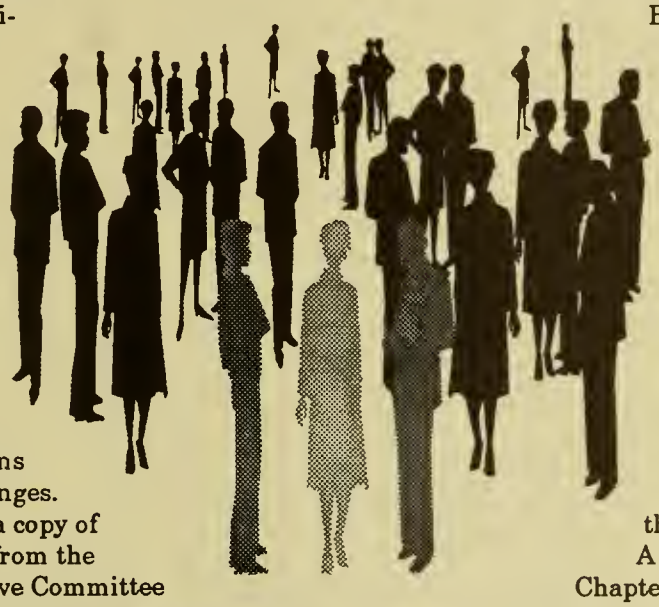
With the end of the Employer Payroll Tax comes the new combined Payroll and Premium. Starting with the quarter ending September 30, 1991, a new payroll reporting system for State Fund policyholders was implemented. Premiums will now be calculated by the employer and included with the payroll and premium reports. This will eliminate the billing for premium after the payroll reports are received by the State Fund.

The Accounting Unit, with aid from the Medical Pay Unit, the Accident Cataloging Unit, and Policy Services, processed the September quarter payroll and premium under the new process. This is a new two-step process with a limited time line. The payroll reports must be receipted and the premium deposited before the monthly cancellation run is completed by Policy Services. Again with cooperation and hard work, the deadline was met. **KEEP UP THE GOOD WORK!**

STATE FUND MPEA

The State Fund Chapter of the Montana Public Employees Association (MPEA) has been very active in the past couple months. Chapter President Paul Bogumill said the recently reorganized Executive Committee of the Chapter is the basis for the bargaining unit representing State Fund employees from all departments.

A focus of the Chapter's efforts is to update all employee job descriptions in a cooperative effort with management. An accurate description of employee responsibilities will be used as a basis for a proposed classification system ranking positions and salary according to the duties of the job. According to Bogumill, the result should be "equal pay for equal work." This information will be used to develop a performance appraisal system.



Bogumill stressed this is an opportunity for all State Fund employees to review their job descriptions and suggest necessary changes. Any employee can obtain a copy of his or her job description from the Personnel Office. Executive Committee member Sam Heigh will meet with management to discuss job descriptions and classification system and propose changes based on employee suggestions. Heigh will be the primary contact person for any employee who would like to propose any modification of his or her job description. Questions about updating the job descriptions can also be directed to Executive Committee members. The members are Bogumill, Vice President Bob Silberling, Secretary Crystal Murphy, Pietr Zwolle, Judeykay Schofield, Kathy Oliver, Sam Heigh, David Frazier, Barb Johnson, Rita Potts, Steve Miser, Connie Ferriter and Wendi Waterman.

The Chapter is also trying to increase training opportunities for State Fund employees. Employees who have learned of training activities they would like to participate in should contact Personnel Officer Debbie Svaldi to obtain a training request form. The completed form must be submitted to your supervisor. Even if the training is denied, a record of the request and the reason for the denial needs to be kept. Training notices are posted on the third floor near the vacancy announcements. Although availability of funding may be limited, there are many potential training activities around. Employees should still request desired training, Bogumill said. Specific requests will indicate areas of employee interest and may form a vehicle for obtaining future training funds. The Chapter's Training Committee meets with Debbie on a quarterly basis to discuss training issues. Training Committee members are Bobbi Holmes, Crystal Murphy, Tor Gudmundsen, Carol Morris and Trudy Von Bergen. Should you have questions about training, see one of the committee members.

A special committee of the Chapter will meet with management to expand on Governor Stephens' "Employee of the Year" program which recognizes state workers who set an example for professionalism in their jobs. State Fund President Pat Sweeney has proposed the State Fund develop an in-house program to provide recognition for outstanding employees each month with an employee of the year award to be given. Information about this program will be shared with you as it develops.

YOUR UNION AND YOU:
A RELATIONSHIP YOU SHOULDN'T IGNORE!

BUY U.S. SAVINGS BONDS

MEDICAL COST CONTAINMENT

Medical cost containment measures saved the State Fund and its policyholders nearly $13 million in Fiscal Year 1991. Controlling the increasing costs of medical benefits provided for injured workers is a major task facing all of us in the 90s. This is not just a problem facing the workers' compensation system in Montana, but a national problem. Nationally, over the last decade, medical costs for occupational injuries have risen at three times the overall inflation rate for the past ten years.

These costs have increased in Montana an average of more than ten percent per year over the past ten years, even though, during much of this time, there has been a legislatively mandated "freeze" on medical cost increases. Medical costs continue to consume a larger and larger portion of the benefit pie.

In spite of this, the State Fund realizes considerable savings in medical costs by rigorously employing certain cost containment methods available to us. Two of the most effective methods are our automated fee schedule and our "bill audit program."

AUTOMATED FEE SCHEDULE SAVES $5.75 MILLION

All medical charges, with the exception of hospital costs, are regulated by a fee schedule. This fee schedule sets the maximum rate payable for specific services. Most bills submitted are in excess of the allowable amount. In order to ensure the roughly 420,000 medical services for which we are billed each year are paid properly, we use a computer program which automatically determines the maximum fee payable for each service, eliminates duplicate billing, performs the necessary accounting transactions and generates the data file required for payment by the State Auditor's Office.

Hospital charges are not fee scheduled, since amounts payable differ from one facility to another. A "discount factor" is applied to each hospital. This factor is determined by the Montana Department of Labor and Industry. In order to maintain the freeze on medical benefits which became effective January 1, 1988, the appropriate discount factor is applied to each hospital charge. The payable amount is entered into the computer and the functions mentioned earlier are performed.

During Fiscal Year 1991, which ended June 30, 1991, this automated system reduced medical costs nearly $5.75 million.

INTERNAL AUDIT PROGRAM SAVES $7.2 MILLION

Each medical bill received is entered onto the computer and forwarded to the appropriate claims examiner along with the claim file. The examiner reviews the file and each bill to determine such things as: whether the service is related to the injury, whether the provider is authorized and whether all necessary reports have been received. If everything is in order, the examiner authorizes payment of the bill by entering the proper codes into the computer. If all is not correct, the examiner enters other codes into the computer and correspondence is generated which notifies the provider of the reason the bill cannot be paid.

In addition to this careful review by our well trained claims examiners, there are also a variety of contracted medical consultants to which the examiner can turn for assistance in making a proper determination. Through these extensive review processes, an amount in excess of $7.2 million was determined to be ineligible for payment.

By stringent use of the automated fee schedule and the review procedures, we will continue to use every possible means available to control benefit costs, keeping premium rates at the minimum level needed.